

Media Release

ICRA Upgrades JSPL Credit Rating to Stable Outlook

ICRA Rating Upgrade comes soon after Credit Rating Upgrade by CARE

ICRA RATING ACCOUNTS FOR

“Significant Turnaround in Operational Performance & Financial Position”

“Strengthened Balance Sheet aided by Sizeable Long Term Fund Infusion”

“Favorable Sectoral Developments aiding Healthy Growth in Sales & Profits”

“Company’s Large-Scale Cost-Competitive Operations; Commissioning of Large & Modern Facility at Angul, increasing domestic steelmaking capacities by 60%”

New Delhi, May 3rd 2018: Leading Credit Rating Firm **ICRA** has upgraded Jindal Steel and Power Limited’s (JSPL) long-term and short-term credit ratings to **Stable Outlook**. The credit rating upgrade by ICRA comes soon after an upgrade in JSPL’s rating to Investment Grade with Stable Outlook by CARE. The rating upgrade includes long-term and short-term bank facilities amounting to Rs. 25,288 crore and long-term rating for the Rs. 1549.60 crore NCD programme.

“The credit rating upgrade to stable outlook by ICRA is an encouraging development testifying the growth potential of JSPL. We aim at achieving optimal capacity utilizations at all our plants, including Angul and Oman, to further strengthen our operational and financial performance through this fiscal”, Mr. N.A. Ansari, CEO – JSPL said.

Stating the rationale for the upgrade, ICRA noted:

ICRA believes that the (i) current favorable operating environment in the steel sector, (ii) JSPL’s experienced management, (iii) its long-standing operational track record and (iv) established market position will enable it to sustain the growth trend demonstrated in Q4 2018, which in turn will drive a further growth in profits and cash accruals thereby supporting its credit profile. The outlook may be revised to

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“Positive” in case of stronger than expected growth in volumes while achieving healthy profitability.

The Key Rating Drivers enumerated by ICRA includes:

- Cost competitiveness emanating from large-scale integrated operations and attractive plant locations
- Diversified product portfolio with forward integration into value-added products
- Favorable operating environment in the steel sector
- Financial flexibility reflected in ability to mobilize capital.

ICRA Rating rationale states, “*JSPL has nearly two decades of established track record in successful commissioning of greenfield capacities in steel and power segments as well as running its plants at healthy capacity utilizations. The company has a diversified its product portfolio over the years to include high-value finished steel products such as heavy & medium structural steel and rail structural besides other finished and semi-finished products. The multiple sale points across the steel value chain aid flexibility in catering to market requirements, while optimizing capacity utilization and profitability.*”

ICRA further adds, “*Favorable domestic demand, remunerative prices in both domestic & international markets, and lower growth in imports is likely to support steel production growth and profitability for Indian steel manufacturers. ICRA expects international steel prices to remain at buoyant levels on the back of capacity cuts in China, leading to decline in Chinese exports. This coupled with anti-dumping duties is likely to keep Indian steel process at elevated levels, helping domestic players like JSPL.*”

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